

METHOD, APPARATUS, AND SYSTEM FOR
VARYING AN AWARD VOLUME IN AN AUCTION

ABSTRACT OF THE INVENTION

5 A method of allocating an award in an auction wherein an award for a given auction
round is allocated amongst a plurality of highest ranked bidders including at least a first
ranked bidder and a second ranked bidder is disclosed. The method provides an incentive to
the first ranked bidder and the second ranked bidder to each improve their respective bids
during the conducting of the auction. The method includes adopting a formula for allocating
10 the award amongst at least the first ranked bidder and the second ranked bidder, conducting
the electronic auction, and allocating the award between at least the first and second ranked
bidders in accordance with the formula and the bids of the first and second ranked bidders. A
factor of the formula is an actual bid differential between a bid of the first ranked bidder and
a bid of the second ranked bidder. Furthermore, application of the formula to bids of the first
15 and second ranked bidders causes a first portion of the award allocated to the first ranked
bidder to increase, and a second portion of the award allocated to the second ranked bidder to
decrease as a magnitude of the actual bid differential increases.